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December 2, 2019

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Accepted / Filed

DEC -2 2019

Federal Communications Commission
Office of the Secretary

RE: Aloha Station Trust II LLC
Ocean Station Trust II LLC
Bi-Annual Reports

Dear Ms. Dortch:

This office is counsel to the Aloha Station Trust II LLC and the Ocean Station Trust II LLC (collectively, the "Divestiture Trusts"), the licensees, in the capacity of a divestiture trust, of certain radio stations divested by affiliates and subsidiaries of Clear Channel Communications, Inc. (now iHeart Media, Inc.) ("Clear Channel") pursuant to Commission consent in *Existing Shareholders of Clear Channel Communications, Inc. (Transferors) and Shareholders of Thomas H. Lee Equity Fund VI, L.P., Bain Capital (IX), L.P., and BT Triple Crown Capital Holdings III, Inc. (Transferees) et al.*, 23 FCC Rcd 1421 (2008) and the ordering clauses contained in the Form 732, evidencing the Commission's consent to the assignment of the licenses in FCC File Nos. BAL-20171102ABK, BALH-20171102ABL, and BALH-20171102ABM, all dated December 18, 2017,

Under the terms of the Trust Agreements that the Divestiture Trusts have assumed from their predecessors, owing to the passing of Ms. Jeanette Tully, and the applicable Form 732s granting consent to the assignment of licenses for the Stations to the Divestiture Trusts, the Divestiture Trusts are required to provide Clear Channel and the Commission with a Status Reports, on a bi-annual basis, on the Divestiture Trusts' efforts to sell the radio stations under its control.

The Status Report attached hereto fulfills these obligations and provides information, from the licensee and its designated media broker, on the efforts undertaken during the preceding six months of the Divestiture Trusts' tenure in order to sell the assets of the Stations licensed to them to a qualified third party(ies).

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Should there be any questions in regard hereto, please communicate with the undersigned.

Respectfully submitted,

Barry A. Friedman

Enclosure

cc: Mr. Albert Shuldiner, Audio Division (By Hand)
Richard Bodorff, Esq.
Mr. Barry Drake

REPORT OF THE
ALOHA STATION TRUST II LLC AND THE OCEAN STATION TRUST II LLC
UPON COMPLETION OF A SEMI-ANNUAL PERIOD OF SERVICE AS
DIVESTITURE TRUSTS FOR THE SALE OF CERTAIN RADIO STATIONS

This Report is being submitted in connection with the Commission's consents to the assignments of the licenses of: (1) Stations WFRE(FM) Frederick, Maryland, WFMD(AM), Frederick, Maryland, WSFF(FM), Vinton, Virginia, WSNZ(FM), Lynchburg, Virginia, WLRX(FM), Ironton, Ohio, WZZW(AM), Milton, West Virginia, WEKL(FM), Augusta, Georgia, WWRW(FM), Mount Sterling, Kentucky, WYDB(FM), Englewood, Ohio, WRZX(FM), Greenville, Ohio, KRRZ(AM), Minot, North Dakota, KABQ-FM, Bosque Farms, New Mexico, and WIRO(AM), Ironton, Ohio (collectively, the "Aloha Stations"), from the Aloha Station Trust LLC (the "Aloha Trust") to the Aloha Station Trust II LLC (the "Aloha II Trust"), in FCC File Nos. BALH-20181025ABL to BAL-20181025ABX, and (2) Stations WKOX(AM), Everett, Massachusetts, KFNY(FM), Centralia, Washington, and KTDD(FM), Eatonville, Washington (collectively, the "Ocean Stations"), from the Ocean Station Trust LLC (the "Ocean Trust") to the Ocean Station Trust II LLC ("Ocean II Trust"), in FCC File Nos. BAL-20181025ABY to BALH-20181025ACA,. The Aloha Stations' and the Ocean Stations' (collectively, the "Stations") assignments to the Aloha II Trust and the Ocean II Trust, respectively, arose from the passing of Ms. Jeanette Tully, the individual who had managed the Aloha Trust and the Ocean Trust, which were divestiture trusts created as the result of acquisition by affiliated entities of Clear Channel Communications, Inc., now iHeart Media, Inc. (collectively "iHeart") of additional licenses in applicable radio markets. In that the continued ownership or control of the licenses of those Stations would have resulted in iHeart and its affiliates owning or controlling radio stations in excess of that permitted by the Commission's local radio multiple ownership rules, the Commission was requested to consent to the Stations being assigned to divestiture trusts that would undertake the work required to cause the sale of the Stations' assets to third parties.

In compliance with divestiture requirements and the requests of Aloha II and Ocean II, arising from the passing of Ms. Tully, the Aloha Stations and Ocean Stations were assigned to the Aloha II Trust and the Ocean II Trust, pursuant to Commission consents, issued on December 7, 2018. In connection with the assignment of the applicable licenses, the Aloha II Trust and the Ocean II Trust (collectively, the "Divestiture Trusts") agreed to join in and be obligated to comply with the terms of the Trust Agreements that had previously been agreed to by iHeart and the Aloha Trust and Ocean Trust.

Section 4(g) of the Trust Agreements provides that, if, after six months from the date of consummation of the Trust Agreement, the Divestiture Trusts had not sold the assets of the Stations, the Divestiture Trusts must deliver a status report ("Report") describing their efforts to sell the Stations. Specifically, Section 4(g) of the Trust Agreements directs the Divestiture Trusts to: (i) set forth their efforts to sell the Stations; (ii) explain why the sale of the Stations has not yet been consummated; and (iii) offer recommendations to facilitate sale of the Stations. Section 4(g) also requires the Divestiture Trusts to comply with all FCC reporting requirements concerning the Divestiture Trusts' efforts to sell the Stations.

The Commission, in granting the requested assignments of licenses to the Divestiture Trusts, included the following requirement in the respective FCC Form 732s that were issued on December 7, 2018, by the Chief of the Audio Division:

> The licenses and authorizations issued by the Commission for each of the Stations....must be assigned....pursuant to long-form (FCC Form 314) assignment of license application(s), to unrelated third parties within two years after its acquisition of the assets of the Stations, and ....must submit (to the attention of the Chief, Audio Division, Media Bureau), every six months after its acquisition of such assets, a report describing the efforts to market those assets to third parties.

The Divestiture Trusts delivered their first Report to the Commission on June 10, 2019 and now are submitting this Report for the subsequent time period.

In the portions of this Report below, the Divestiture Trusts will address their efforts to market and sell the assets of the Stations to third parties.

I. <u>Divestiture Trusts' Efforts to Market the Stations</u>

The Divestiture Trusts have continued to engage Media Venture Partners, LLC ("MVP"), which was engaged by the Aloha Trust and the Ocean Trust, for the purposes of marketing the Stations to prospective buyers. MVP is a nationally recognized brokerage firm specializing in matching buyers and sellers of broadcast stations and was selected for further brokerage work by the Divestiture Trusts for its knowledge of the remaining Stations and for its ability to locate possible buyers and arrange for the prompt sale of the Stations. MVP has adhered to industry standards in the broadcast brokerage business in the preparation of marketing materials and solicitation of potential buyers. Information concerning MVP's expertise in handling radio station transactions is contained in MVP's Internet site.[1]

To date, MVP, as reported in the attached Statements (Exhibits A and B), has identified and continues to contact a large number of potential buyers. Certain of the prospective buyers that were contacted have followed up with MVP by requesting the required Non-Disclosure Agreement ("NDA"). When members of that group have subsequently returned the proferred

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1 *See* www.mediaventurepartners.com/

NDA to MVP, they have been granted access to an on-line data room containing standard due diligence material.

Based on various factors, including the available assets of the Stations, the number of potential buyers, and prevailing market conditions, MVP has not established a formal bid deadline. Instead, MVP has and continues to encourage bidders to submit offers at such time as they have secured appropriate financing and are in a position to move forward with a proposed transaction.

II. **Conditions Affecting the Divestiture Trusts' Ability to Sell the Stations**

The current situation involving the economy and the radio industry, while improved from prior years, represents the continuation of the most difficult time for the sale of radio broadcast stations. Traditional media entities that are dependent on advertising, such as radio, have suffered a significant and negative impact as the broadcast-oriented advertising market has seen major reductions as advertisers have increasingly reached out to new forms of advertising such as the Internet, social media, and wireless devices, including smartphones and satellite radio. With the revenue base diminished and dispersed to non-broadcast services, the pace of broadcast radio transactions has slowed though it has made some, but not significant, progress forward recently. While observers of the broadcast industry, including MVP, expect that the amount of radio advertising will continue to improve, owing to economic growth, overall radio advertising, owing to structural changes in advertising, may never reach prior levels as advertising dollars that have been diverted to other media and non-media services and, likely, may never return.

The impact of the economic downturn and the changed advertising environment has affected the perception of radio among the lending community and new entrants. This problem has been exacerbated by the recently completed bankruptcy reorganizations of such well known radio group owners as Cumulus Media and iHeart Media.

In the absence of a vibrant lending marketplace, as noted by MVP, it becomes difficult to undertake transactions, especially where the prospective buyers are not able to undertake broadcast acquisitions without third party financing. As a result, the radio transaction volume has slowed, with most radio transactions involving existing radio station owners and not new entrants.

As described by MVP in its Statement, some new lenders have appeared and exhibited interest in replacing the lenders of the past. However, given the limited economic value to buyers of the Stations, which are either one or two small stations in their markets, with limited market presence, it is doubtful that these lenders will have any interest in financing their acquisition, leaving most potential buyers for the Stations in a position where they cannot finance any broadcast acquisitions. The Divestiture Trusts, owing to their charge, are not in a position to participate in seller-financing for any transaction.

The broadcast industry is no longer attracting the interest of new entrants who, in the past, brought new ideas and fresh money to the industry. Whether this is caused by the proliferation of new media or the image of the radio industry as no longer attractive to certain demographic groups that are prized by advertisers, the radio industry is no longer the vibrant and attractive industry it was not that long ago. Consequently, the Divestiture Trusts are faced with a limited pool of potential buyers and the absence of lending support for new entrants or current broadcasters that need to finance their acquisitions. This has been the direct cause for the Divestiture Trusts' inability to divest more of the Stations at a faster pace.

III. **The Successes Achieved by the Divestiture Trusts in the Initial Operating Period**

Despite these problems, the Divestiture Trusts and their broker have achieved success, in their first year of operations, in finding prospective buyers, negotiating contracts, and consummating transactions.

The Aloha II Trust is able to report that during the preceding six months, it completed the assignment of Station KRRZ(AM), Minot, North Dakota, to CC Licenses, LLC.

Aloha Trust II is presently in varying stages of contract drafting involving proposed buyers for its Stations WYDB(FM), Englewood, Ohio (FIN: 55501) and WWRW(FM), Mount Sterling, Kentucky. It anticipates completing these agreements and being able to consummate the transactions, leaving the Aloha Trust II will only hold four remaining station licenses.

The Ocean II Trust is able to report that during the preceding six months, it completed the assignment of Station KFNY(FM), Centralia, Washington, to Bustos Media Holdings, LLC. As a result, Ocean II Trust now is the licensee of only two Stations and is actively seeking to divest itself of those Stations.

III. **Recommendations**

The Divestiture Trusts advise that they will continue to use MVP to market the Stations and target prospective buyers. The ability of the Divestiture Trusts to sell the Stations is dependent on the radio trading environment, the market for lending of funds at reasonable rates and on terms acceptable to borrowers, and the willingness of existing broadcasters and new entrants to acquire additional radio stations. The Divestiture Trusts are committed to working with MVP in pursuing any and all appropriate sales opportunities and undertaking the sale of the Stations. However, the Divestiture Trusts wish to take note that they have disposed of the most highly valued of the Stations in the Aloha II Trust portfolio. Moreover, of the six remaining

Aloha II Trust Stations, two are AM Stations and all of the Stations are in markets where there has been limited interest evidenced to date by potential buyers. As for the Ocean II Trust, one of its two Stations is an AM Station. The Divestiture Trusts are concerned as to whether they can continue to sell the remaining Stations in as rapid a pace as they have undertaken to date. However, the Divestiture Trusts will continue to use their best efforts and will seek to overcome any potential difficulties by seeking out new entrants and alternative buyers, including educational institutions and non-commercial entities.

If you have any questions regarding the contents of this Report, please do not hesitate to contact me.

Respectfully submitted,

ALOHA STATION TRUST II LLC

By: ______________________
Barry Drake
Member of Sole Member

OCEAN STATION TRUST II LLC

By: ______________________
Barry Drake
Member of Sole Member

Dated: November 26, 2019

EXHIBIT A

MEMORANDUM

DATE: November 26, 2019

TO: Barry Drake, Ocean Station Trust II LLC

CC: Barry Friedman, Thompson Hine LLP

FROM: MVP Capital Advisors, LLC

RE: Report on Sales Effort for Stations in the Ocean Trust II

This Memorandum provides a report concerning the sales effort and process undertaken in order to comply with the FCC's Order requiring iHeartMedia, Inc. ("iHeart") to divest three (3) radio stations, in the Boston and Seattle radio markets, by assigning them to the Ocean Station Trust LLC ("Ocean Trust") as a divestiture trust vehicle. In October 2018, the Ocean Station Trust LLC transferred all remaining stations to the Ocean Station Trust II LLC ("Ocean Trust II"). This Memorandum follows the reporting protocol for the two divestiture trusts and provides information for the efforts of the Ocean Trust II.

Background

In connection with an asset swap whereby iHeart swapped radio station clusters in Richmond, VA and Chattanooga, TN for four radio stations in Boston, MA (WZLX-FM, WKAF-FM, WRKO-AM and WBZ-AM) and three radio stations in Seattle, WA (KZOK-FM, KJAQ-FM and KFNQ-AM) owned by Entercom Communications Corp., iHeart was required by the FCC to place the three stations owned by iHeart subsidiaries (WKOX, KTDD, and KFNY (the "Stations")) into a divestiture trust for eventual divestiture. To comply with this requirement, iHeart assigned the Stations to the Ocean Trust, which has retained the services of MVP Capital Advisors, LLC ("MVP") to initiate a broad sales process to sell the Stations.

Marketing Process

In February 2018, the Ocean Trust engaged MVP to market the Stations. After preparing the necessary marketing materials and compiling a prospect list, MVP began contacting potential buyers and we continue to identify and contact potential buyers on an on-going basis. To-date, we have had numerous discussions with potential prospects, many of whom have signed Non-Disclosure Agreements ("NDA"). Those parties that executed an NDA were then emailed a package of standard due diligence materials. Given the array of assets, number of potential bidders, and general trading market conditions, we did not feel it was appropriate to set a formal bid deadline. Rather, we have been encouraging, and continue to encourage, bidders to submit offers on properties as they are ready and, more importantly in today's climate, when they have the financing firmly in place.

M&A Market

Over the last decade, we have encountered some of the most difficult times for the economy and the radio broadcasting industry. While the economy has recovered, the radio broadcasting industry, for economic and non-economic reasons, has not.

The year 2008 marked the commencement of the severe economic downturn followed by a slow and prolonged recovery, with markets recently surpassing pre-recession highs. The radio broadcasting industry has recovered somewhat, but has, at the same time, faced other changes in the media and advertising markets that have altered radio broadcasting in ways that we could not have foreseen and which appear to represent a permanent structural change in advertising-supported media.

The merger and acquisition marketplace for radio during recent years is one that has been difficult to navigate. During 2013 and 2014, there was a flood of middle-market deal activity with over $1.5 billion of announced transactions in 2014 alone. Much of this activity was driven by former lenders liquidating portfolios of assets they had gained direct or indirect control of as a result of the 2008-2009 financial crisis. In addition, there were a few active and well-capitalized consolidators looking to aggregate assets quickly during this time of historically low valuations. However, in the years since then, the industry has seen a notable slowdown in deal activity with a relatively shallow pool of buyers with sufficient capital availability to pursue substantive acquisitions.

The merger of Entercom Communications and CBS Radio, announced in 2017, represented the only exception to the recent slowdown in radio M&A. With an enterprise value of nearly $2.6 billion at a valuation of ~8x cash flow, the transaction was the largest in the sector since 2006 and accounted for nearly 80% of radio deal volume in 2017. The transaction was a cash-less merger of the two companies – there was no new cash invested to acquire assets. Entercom has emerged as the second largest operator in the industry and is well-positioned to redeploy proceeds from required divestitures in a buyer's market.

Aside from the Entercom / CBS merger, there were only a handful of other sizable deals in 2017. In February, Beasley sold its Greenville, NC cluster to Curtis Media for $11 million. In May, Emmis sold KPWR-FM in Los Angeles to an in-market buyer (Meruelo Group) for $82.75 million and Saga acquired Apex Media's Charleston, SC cluster for $23 million. In September, Dick Broadcasting acquired 20 stations across three smaller, southeastern markets from Alpha for $20 million and Educational Media Foundation acquired KSWD (FM) from Entercom for $55 million.

The 2018 U.S. radio station M&A volume was $821 million – down from 2017's $3.1 billion level, but significantly higher than 2017 when the Entercom-CBS deal is excluded. Overall, 2018 was a continuation of flat revenue trends, limited equity capital, limited visibility for the medium and long-term future of the business. Bonneville's $141 million acquisition of select stations in San Francisco and Seattle from Entercom was the largest deal of the year and there were four other deals greater than $45 million in value – Hubbard's $45 million acquisition of

Emmis assets in St. Louis, Entercom's $57.5 million acquisition of Jerry Lee Radio's Philadelphia station, SummitMedia's $47 million acquisition of select markets from EW Scripps and Hubbard's $88 million acquisition of Alpha's West Palm Beach cluster. Collectively, these five deals represented almost 50% of overall deal volume.

In 2019, radio has seen some improvements in the local ad markets. However, national advertising is still being challenged with competition from streaming digital audio players such as Apple Music, Amazon, Google, Spotify AB and Pandora - now under Liberty Media Corp. ownership and partnered with Sirius XM Holdings - taking advertising from radio's share.

Analysts project overall radio revenue growth in 2019 of 0.5% bringing the industry total to $17.8 billion versus $17.7 billion in 2018. Digital revenues generated by radio companies are predicted to end the year with a rise of 6.0% to $1.34 billion compared to $1.27 billion last year and off-air sales will continue to be solid with a 5.0% improvement to $2.67 billion. These segments serve to buttress declines in radio network revenue (0.4%), national spot ad revenue (2.3%), and the dip in local ad revenue (0.5%).

Year-to-date radio transaction volume through October 2019 came in at $1,225 million, higher than 2016-2018 levels of $483 million, $408 million and $651 million, respectively (note: 2017 level excludes the Entercom-CBS deal). However, two-thirds of the 2019 deal volume is represented by just a few transactions: Apollo's $500 million acquisition of Cox, Cumulus' $103.5 million divestiture of six FM stations to Educational Media Foundation, Standard General's $96.5 million investment in a new public company with Emmis and Cumulus' $43 million sale of KLOS in Los Angeles to Meruelo Group.

Deal multiples in today's market remain around ~5.5-6.5x Broadcast Cash Flow ("BCF"), the standard metric on which radio transactions are priced. Aside from a few unique circumstances, most players in the industry have become comfortable with trading multiples in the ~6x BCF range. We have seen premium multiples in select cases, such as consolidation plays, that lead to expected cost efficiencies post-closing, or top-quality assets in larger markets, with less desirable assets trading at a discount to that range.

Additionally, the buyer pool remains thin for sellers of stick assets, such as the remaining Stations, which trade on a per-pop valuation basis, with the exception of some in-market operators and niche/religious broadcasters. Educational Media Foundation has been the dominant acquirer of stick assets over the past two years and has largely driven valuations for the asset class. Larger-market FM stick assets typically garner a valuation of $2-$4 per pop, with smaller markets, or partial market signals, receiving a discount commensurate with size. AM sticks trade, when they do trade, at a significant discount to that range as the buyer pool for AM assets today is extremely thin.

While radio is no longer viewed as a "growth" business as it once was, radio could be viewed, if there was a robust buyer pool, as a yield play owing to today's diminished trading multiples. However, as previously noted, we are not seeing evidence of new buyer entrants from outside the radio industry, evidencing to us the declining interest of the marketplace in traditional advertising-supported media and skewing the station sales marketplace to favor buyers over sellers. The counter to that would be that if we see any sort of meaningful deregulation from the

FCC (i.e. elimination of the sub-caps), that could spur further consolidation activity and presumably a lift in multiples.

Progress Since Creation of the Ocean Trust

To date, the Ocean Trust II has successfully closed, with MVP's assistance, the sale of one of its three Stations.

- July 2019: KFNY (FM) serving the Seattle, WA radio metro to Bustos Media, LLC

In addition, MVP has spoken to parties interested in either or both markets that have expressed interest, but we have not yet received any formal offers. Given our current pace of conversations, we expect to generate additional offers on the remaining two stations within the next several months.

EXHIBIT B

MEMORANDUM

DATE: **November 26, 2019**

TO: **Barry Drake, Aloha Station Trust II LLC**

CC: **Barry Friedman, Thompson Hine LLP**

FROM: **MVP Capital Advisors LLC**

RE: **Report on Sales Effort for Stations in the Aloha Trust II**

This Memorandum provides a report concerning the sales effort and process undertaken in order to comply with the FCC's Order requiring Clear Channel Communications, Inc. ("Clear Channel") to divest fifty-two (52) radio stations (the "Stations") by assigning them to the Aloha Station Trust, LLC ("Aloha Trust") as a divestiture vehicle. In October 2018, the Aloha Station Trust, LLC transferred all remaining stations to the Aloha Station Trust II, LLC ("Aloha Trust II"). This Memorandum follows the reporting protocol for the two divestiture trusts and provides information for the efforts of the Aloha Trust II.

Background

In connection with its acquisition by a private equity group co-led by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P., Clear Channel was required by the FCC to place the Stations into a divestiture trust for eventual divestiture. To comply with this requirement, Clear Channel assigned the Stations to the Aloha Trust, which has retained the services of MVP Capital Advisors, LLC ("MVP") to initiate a broad sales process to sell the Stations for fair market value.

Marketing Process

The Aloha Trust engaged MVP to market the Stations in July 2008, in advance of the closing of the transaction involving Clear Channel, which occurred later that month. After preparing the necessary marketing materials and compiling a prospect list for each Station, MVP began contacting potential buyers in late August/early September 2008. MVP initially identified and subsequently contacted approximately 275 potential buyers for one or more of the Stations and we continue to identify and contact potential buyers on an on-going basis. To-date, we have had discussions with over 200 potential prospects and have signed Non-Disclosure Agreements ("NDA") with approximately 150 of the prospective buyers. Those parties that executed an NDA were then granted access to an on-line data room which contains standard due diligence materials. Given the vast array of assets, number of potential bidders, and general trading market conditions, we did not feel it was appropriate to set a formal bid deadline. Rather, we have been encouraging, and continue to encourage, bidders to submit offers on properties as they are ready and, more importantly in today's climate, when they have the financing firmly in place.

M&A Market

Throughout the term of the Aloha Trust, we encountered some of the most difficult times for the economy and the radio broadcasting industry. While the economy has recovered, the radio broadcasting industry, for economic and non-economic reasons, has not.

The year 2008 marked the commencement of the severe economic downturn followed by a slow and prolonged recovery, with markets recently surpassing pre-recession highs. The radio broadcasting industry has recovered somewhat, but has, at the same time, faced other changes in the media and advertising markets that have altered radio broadcasting in ways that we could not have foreseen and which appear to represent a permanent structural change in advertising-supported media.

The merger and acquisition marketplace for radio during recent years is one that has been difficult to navigate. During 2013 and 2014, there was a flood of middle-market deal activity with over $1.5 billion of announced transactions in 2014 alone. Much of this activity was driven by former lenders liquidating portfolios of assets they had gained direct or indirect control of as a result of the 2008-2009 financial crisis. In addition, there were a few active and well-capitalized consolidators looking to aggregate assets quickly during this time of historically low valuations. However, in the years since then, the industry has seen a notable slowdown in deal activity with a relatively shallow pool of buyers with sufficient capital availability to pursue substantive acquisitions.

The merger of Entercom Communications and CBS Radio, announced in 2017, represented the only exception to the recent slowdown in radio M&A. With an enterprise value of nearly $2.6 billion at a valuation of ~8x cash flow, the transaction was the largest in the sector since 2006 and accounted for nearly 80% of radio deal volume in 2017. The transaction was a cash-less merger of the two companies – there was no new cash invested to acquire assets. Entercom has emerged as the second largest operator in the industry and is well-positioned to redeploy proceeds from required divestitures in a buyer's market.

Aside from the Entercom / CBS merger, there were only a handful of other sizable deals in 2017. In February, Beasley sold its Greenville, NC cluster to Curtis Media for $11 million. In May, Emmis sold KPWR-FM in Los Angeles to an in-market buyer (Meruelo Group) for $82.75 million and Saga acquired Apex Media's Charleston, SC cluster for $23 million. In September, Dick Broadcasting acquired 20 stations across three smaller, southeastern markets from Alpha for $20 million and Educational Media Foundation acquired KSWD (FM) from Entercom for $55 million.

The 2018 U.S. radio station M&A volume was $821 million – down from 2017's $3.1 billion level, but significantly higher than 2017 when the Entercom-CBS deal is excluded. Overall, 2018 was a continuation of flat revenue trends, limited equity capital, limited visibility for the medium and long-term future of the business. Bonneville's $141 million acquisition of select stations in San Francisco and Seattle from Entercom was the largest deal of the year and there were four other deals greater than $45 million in value – Hubbard's $45 million acquisition of Emmis assets in St. Louis, Entercom's $57.5 million acquisition of Jerry Lee Radio's Philadelphia station, SummitMedia's $47 million acquisition of select markets from EW Scripps and Hubbard's $88 million acquisition of Alpha's West Palm Beach cluster. Collectively, these five deals represented almost 50% of overall deal volume.

In 2019, radio has seen some improvements in the local ad markets. However, national advertising is still being challenged with competition from streaming digital audio players such as Apple Music, Amazon, Google, Spotify AB and Pandora - now under Liberty Media Corp. ownership and partnered with Sirius XM Holdings - taking advertising from radio's share.

Analysts project overall radio revenue growth in 2019 of 0.5% bringing the industry total to $17.8 billion versus $17.7 billion in 2018. Digital revenues generated by radio companies are predicted to end the year with a rise of 6.0% to $1.34 billion compared to $1.27 billion last year and off-air sales will continue to be solid with a 5.0% improvement to $2.67 billion. These segments serve to buttress declines in radio network revenue (0.4%), national spot ad revenue (2.3%), and the dip in local ad revenue (0.5%).

Year-to-date radio transaction volume through October 2019 came in at $1,225 million, higher than 2016-2018 levels of $483 million, $408 million and $651 million, respectively (note: 2017 level excludes the Entercom-CBS deal). However, two-thirds of the 2019 deal volume is represented by just a few transactions: Apollo's $500 million acquisition of Cox, Cumulus' $103.5 million divestiture of six FM stations to Educational Media Foundation, Standard General's $96.5 million investment in a new public company with Emmis and Cumulus' $43 million sale of KLOS in Los Angeles to Meruelo Group.

Deal multiples in today's market remain around ~5.5-6.5x Broadcast Cash Flow ("BCF"), the standard metric on which radio transactions are priced. Aside from a few unique circumstances, most players in the industry have become comfortable with trading multiples in the ~6x BCF range. We have seen premium multiples in select cases, such as consolidation plays, that lead to expected cost efficiencies post-closing, or top-quality assets in larger markets with less desirable assets trading at a discount to that range.

Additionally, the buyer pool remains thin for sellers of stick assets, such as the Stations, which trade on a per-pop valuation basis with the exception of some in-market operators and niche/ religious broadcasters. Educational Media Foundation has been the dominant acquirer of stick assets over the past two years and has largely driven valuations for the asset class. Larger-market FM stick assets typically garner a valuation of $2-$4 per pop, with smaller markets, or partial market signals, receiving a discount commensurate with size. AM sticks trade, when they do trade, at a significant discount to that range as the buyer pool for AM assets today is extremely thin.

While radio is no longer viewed as a "growth" business as it once was, radio could be viewed, if there was a robust buyer pool, as a yield play owing to today's diminished trading multiples. However, as previously noted, we are not seeing evidence of new buyer entrants from outside the radio industry, evidencing to us the declining interest of the marketplace in traditional advertising-supported media and skewing the station sales marketplace to favor buyers over sellers. The counter to that would be that if we see any sort of meaningful deregulation from the FCC (i.e. elimination of the sub-caps), that could spur further consolidation activity and presumably a lift in multiples.

Progress Since Creation of the Aloha Trust

Despite the broader market conditions, the Aloha Trust II has made significant progress, in its short period of operation, in disposing of its portfolio. To date, the two divestiture trusts have successfully closed, through MVP, on the sale of thirty-two (32) Stations.

- December 2008: WBUK (FM) serving the Lima, OH radio metro to Blanchard River Broadcasting Company
- January 2009: WALC (FM) serving the Charleston, SC radio metro to Radio Training Network, Inc.
- February 2009: WROO (FM) serving the Jacksonville, FL radio metro to Flagler County Broadcasting, LLC
- March 2009: WGIP (AM) serving the Portsmouth-Dover-Rochester, NH radio metro to Aruba Capital Holdings, LLC
- May 2009: WWDG (FM) serving the Syracuse, NY radio metro to Foxfur Communications LLC
- May 2009: WURH (FM) serving the Hartford, CT radio metro to Red Wolf Broadcasting Corp.
- March 2010: KCNL (FM) serving the San Jose, CA radio metro to Principle Broadcasting Network, LLC
- September 2010: KFMK (FM) serving the Austin, TX radio metro to CRISTA Ministries
- February 2011: KUFX (FM) serving the San Jose, CA radio metro to Entercom
- February 2011: KSJO (FM) serving the San Jose, CA radio metro to Principle Broadcasting Network, LLC
- February 2011: WDKZ (FM) & WLBW (FM) serving the Salisbury-Ocean City, MD radio metro to Educational Media Foundation
- May 2011: WKEY (FM) & WKEZ (FM) serving the Florida Keys, FL radio metro to the Great Marathon Radio Company
- July 2011: KHLR (FM) serving the Little Rock, AR radio metro to Signal Media
- November 2011: WZCH (FM) serving the Macon, GA radio metro to Educational Media Foundation
- January 2012: WKRD (FM) serving the Louisville, KY radio metro to Southern Belle
- May 2012: KTPI (FM) & KAVL (AM) serving the Lancaster, CA metro to RZ Radio
- June 2012: WHER (FM) serving the Laurel-Hattiesburg, MS metro to Telesouth Communications
- July 2012: WPBH (FM) serving the Panama City, FL metro to Omni Broadcasting
- December 2013: WPHR (FM) serving the Ft. Pierce-Stuart-Vero Beach, FL metro to R&S Radio, LLC
- September 2014: WALK (AM) & WALK (FM), serving the Nassau-Suffolk, NY metro to Qantum Communications (who in turn agreed in a simultaneous and contingent transaction to sell the assets to Connoisseur Media)
- July 2016: WISM (FM), serving the Eau Claire, WI metro to Mid-West Family Broadcasting
- November 2017: WBFA (FM), serving the Columbus, GA metro to RCG Media
- May 2019: WFRE (FM) & WFMD (AM), serving the Frederick, MD metro to Connoisseur Media

- May 2019: WEKL (FM) serving the Augusta, GA metro, WSFF (FM) & WSNZ (FM) serving the Roanoke-Lynchburg, VA metro and WLRX (FM) serving the Huntington-Ashland, WV metro to Educational Media Foundation

The Aloha Trust II has agreed to economic terms for the sale of both WYDB(FM) in Dayton, OH and WWRW(FM) in Lexington, KY, each with a separate but qualified buyer. The Aloha Trust II is finalizing the APA for WYDB(FM) and is beginning the APA process for WWRW(FM). Our intention is to come to a final agreement on terms and complete the deal documentation for each of these deals in short order thereafter, with closing of those transactions then subject to FCC consent.

Additionally, MVP continues to work to identify and negotiate with prospective buyers for the remaining four Stations' assets.